Government equity in Bank of Baroda, SBI and PNB

2053. SHRI NILOTPAL BASU:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item under the caption "Government equity in banks may be hived off" which appeard in the Statesman, dated 17th February, 2000;

(b) if so, whether Government is bringing down the Government's equity in the Bank of Baroda, the State Bank of India and the Punjab National Bank, as reported; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir, (b) and (c) Government have decided to accept the recommendation of the Committee on Banking Sector Reforms for revising the stipulation of requirement of minimum share holding by Government in nationalised banks from 51% to 33%. This will enable the banks' increased access to the market for their requirement of capital which Government might not be in a position to meet on account of the competing claims on budgetary resources. Government of India has no shareholding in the State Bank of India.

Permission for appointment of Fund Manager in LIC

2054. DR. MOHAN BABU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Life Insurance Corporation of India (LIC) has sought Government's permission to appoint a US based firm as its U.K. Fund Manager;

(b) if so, whether the permission has been granted by Government; and

(c) the details of funds available with LIC for investment and whether Government would ask LIC to invest fund in the infrastructure development in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Yes, Sir.

(c) LIC's total life fund as on 31.03.1999 were Rs. 1,27,389.06 crores

globally including funds of U.K.'s business LIC's life fund in U.K. alone, however, was 37.321 million pounds.

Considering the insurance regulations in U.K., size of business operations and requirement of funds for such operations, Government does not consider it necessary to ask the LIC to invest these funds of U.K. operations in the infrastructural development in India.

Buying of Shares and Securities by UTI

2055. SHRI PREM CHAND GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Unit Trust of India (UTI) buys shares and securities on private placement basis;

(b) if so, whether UTI purchased shares of some 7 companies in 1994 in which it has lost more than 50 per cent of its initial investment and that these shares are not even saleable in the market; and

(c) if so, the list of investments made by UTI during last three years where the value is less than 50% of its initial investment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) Some shares purchased in 1994 are now quoted in the market at less than 50% of the purchase price.

(c) Information is being collected and will be laid on the Table of the House.

Income Tax Exemption on Assembly Area Allowances

†2056. SHRI ONKAR SINGH LAKHAWAT: Will the Minister of FINANCE be pleased to state whether Rajasthan Government has demanded total income tax exemption on Assembly Area Allowances of the Members of State Assembly like MPs allowance; if so, the Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): Yes, Sir. The exemption limit for allowances other than daily allowance received by any person, by reason of his membership of state legislature or any committee thereof has been extended from Rs. 600/- to Rs. 2000/- with effect from 1st April, 1998.

†Original notice of the question was received in Hindi.